

To Whom It May Concern:

I wish to address the issue of competition in the Real Estate industry. The title of your workshop, 'Competition Policy in the Real Estate Industry' is a misnomer. Competition isn't a policy in the Real Estate industry, it is a fact of life. In the past five years membership in my local association of Realtors has grown from under 5,000 members to almost 7,000 members. There are at least a half a dozen new business models operating in my market today that were not here three years ago. This morning our Broker of Record reported that our average commission per transaction side has dropped 13% this year compared to last year as a result of competition from discount brokerage business models operating in our market. This is at a time when our profit margins are razor thin to begin with and expenses are escalating rapidly.

It should also be pointed out that the MLS is a cooperative, broker-to-broker offer of cooperation and compensation that help both brokers and customers buy and sell homes. It is not now, nor has it ever been a public utility, nor should it be.

The beauty of the MLS is that it allows real estate brokerages of every size to compete on a level playing field. It gives all of us access to an inventory of property listings that we are able to show and sell to our clients. The idea that certain business models that propose to be real estate services, but in actuality do not solicit listings, do not submit listings to any MLS and believe that they should have the right to access the listings of true real estate brokerage companies for the sole purpose of using those listings on websites to attract consumers which they then try to 'sell' back to the brokers who had the listings in the first place for unearned referral fees is to me the ultimate example of someone who wants to come to the potluck supper and just bring a fork and yet expect to eat a full meal just like those of us who brought a covered dish. It's inherently unfair, and is actually adding unnecessary expense to the transaction, and to have the ear of the DOJ and the FTC causing taxpayer dollars to be wasted on workshops such as this is frustrating to say the least.

The MLS doesn't discriminate. All MLS members are treated equally, regardless of their size or their business model, and yet the rights of property owners and their listing brokers are respected. The rules of the MLS achieve a delicate balance between respecting the rights of listing brokers so they will continue to be willing to contribute their inventory of listings and permitting cooperating brokers the ability to show those listings and be assured of receiving compensation if they bring about a successful sale.

There is a basic principal of value called competition that says that profits will attract competition and excess profits will attract ruinous competition. There may have been a time when the Real Estate industry wasn't as competitive as it could have been or should have been, but that all changed with the explosion of the Internet. Now the issue is not whether there is competition in the Real Estate industry, but whether ruinous competition by business models adding nothing to the transaction and expecting to be paid portions of commissions they didn't earn will cause the failure of true Real Estate service companies that actually do go out and solicit listings and do provide services to sellers and buyers and earn a commission, but which commission will be insufficient to cover operating expenses and generate any meaningful profit.

The DOJ and FTC should be thinking carefully about that possibility before trying to fix a system that isn't broke and has done a pretty fair job of providing meaningful services to the buying and selling public for over 80 years.

Respectfully submitted,

Gary A. Large

Branch Manager, Prudential New Jersey Properties